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SCOPE PAPER

I. The Setting

Your forthcoming visit has aroused considerable anticipation in Buenos Aires. Argentine expectations have been stimulated by numerous wire service accounts over the past month, allegedly emanating from U.S. sources in Washington, reporting preparations for a further high-level U.S. mission. (We have been unable to identify these alleged U.S. sources.) Like the visit by Deputy Secretary of Commerce Luther Hodges this past week, it is seen in Argentina in the broader context of our total relationship. —

Our relationship, historically not particularly close, has been strained over such issues as non-proliferation and human rights. This deterioration has reduced our limited ability to influence key decision makers. Tensions with Buenos Aires in one area, such as nuclear issues have impeded our dialogue in other areas, such as human rights. The deterioration of the relationship has made it difficult for the GOA to cooperate even on issues where it wishes to be helpful (because it recognizes their importance to the U.S. Administration) or to acknowledge such cooperation publicly. Until the Goodpaster visit, there was a widespread perception in Argentina--particularly in the GOA and the Armed Forces but also across wide sections of the Argentine public--that the U.S. was essentially hostile and had little comprehension of Argentine problems, and was dealing with Argentina in a condescending fashion.

The strained relations with the U.S. reportedly are a matter of concern to President Videla and his immediate collaborators. Domestically, by arousing the nationalism of the Argentine public, they interfere with the regime's long-term goal of moderating Argentina's political culture and reestablishing a pluralistic liberal political system. Internationally, tensions with the U.S. tend to isolate Argentina; complicating the regime's search for closer political contact with Western Europe, and pushing it toward political as well as economic ties with the Soviet Union,

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despite its strong anti-Marxist bent.

~~Your visit has been approved by the Secretary~~
as a high-level follow-up to the Goodpaster Mission. As far as we know, Argentine grains sales commitments to the Soviet Union, while generous by past standards, are consistent with the confidential understandings reached during General Goodpaster's visit. Nevertheless, they constitute the largest single source of supply, offsetting U.S. grain withheld from the U.S.S.R. Moreover, most of the Argentine export crop will not be ready for shipment until April. Even after the crop is fully committed, there remains the possibility of the switching of sales contracts. Argentine cooperation thus will continue to remain important to the success of the Administration's grains embargo for at least another six months.

We also have approached Argentina (as well as Brazil) about withdrawal from the Moscow Olympics. A decision by these two big countries would sway other Latin American countries. Argentina will find it difficult to do so until the Europeans withdraw since they do not wish to antagonize the Soviets.

Soviet efforts to strengthen relations with Argentina, taking advantage of U.S.-Argentine tensions over human rights and nuclear issues, have recently intensified. Martinez de Hoz stressed to General Goodpaster the political cost to the GOA of Argentine cooperation with the U.S. in limiting grain sales to the Soviet Union. (Immediately following General Goodpaster's mission, a Soviet purchasing mission arrived in Buenos Aires.) Some key developments have been:

- the negotiation of a fisheries agreement which gives the Soviets access to Argentine ports;
- exchange visits of high-level military missions;
- Close cooperation in the UN;
- a Soviet invitation to send a high-level delegation to Moscow for nuclear policy talks;
- possible Soviet offers of advanced military equipment (i.e. MIG aircraft) and increased nuclear cooperation, the latter in exchange

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for Argentine grains.

An Argentine delegation, the CNEA's Secretary General, Dr. Jorge Coll, and International Affairs Director Roberto Ornstein will be in Moscow for discussions on nuclear cooperation at the time of your visit to Buenos Aires.

There are two other critical bilateral issues requiring follow-up at this time -- nuclear relations and human rights.

Nuclear relations. We must find a way to reopen a dialogue on the problem of proliferation with the top levels of the Argentine leadership. At present, Admiral Castro Madero and his staff largely shape the perception of Argentine leaders on these questions. We must reopen channels of communication, to exchange views with them more directly on such issues as the prospects for their current negotiations on a "full-scope safeguards" agreement (including a PNE reservation) with the IAEA, or the likely consequences of an unsafeguarded research reactor for regional stability.

The immediate issue is whether we are able to maintain nuclear cooperation. This requires a resolution of the safeguards issue. Even then, however, there is a question of whether Argentina can meet the conditions of our law; i.e. whether all nuclear materials and facilities in Argentina are in fact under safeguards.

Failure by the U.S. to fulfill long-standing commitments (given in 1978) to supply highly enriched fuel for Argentina's research program could have far reaching consequences. The cut-off of U.S. supplies would force the shut-down of at least one research reactor (operating on 93 percent enriched uranium). As part of its contingency planning for a U.S. cut-off, Argentina's nuclear agency (CNEA) has on its drawing-board a design for a large heavy-water moderated, natural uranium-based research reactor. If the Argentine political authorities should authorize the construction of this reactor, Argentina could have a complete nuclear fuel cycle free from international safeguards as early as 1983.

Human Rights. Argentina continues to be one of the principal human rights violators of the Hemisphere. The recent meeting of the UN Human

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Rights Commission (UNHRC) produced sharp clashes between the U.S. and Argentine delegations. Argentina lobbied strongly against the adoption of a general procedure by the Commission for dealing with the problem of disappearances world-wide because the GOA feared Argentina would become a principal target. The U.S. delegation, on the other hand, worked to strengthen the Working Group's recommendation on how the Commission should deal with complaints of human rights abuses in Argentina under confidential procedures. In return for support from the Soviet bloc, Argentina supported the Soviet Union on Sakharov (although not on a resolution condemning the Soviet occupation of Afghanistan). Argentine feelings over the forceful role of the U.S. delegation in Geneva run high, and have dissipated, in some measure, Argentine expectations of a more amicable relationship created by the Goodpaster Mission. The GOA has asked that your consultations begin with a review of our bilateral relationship.

A basic question is how we best carry forward our human rights policy under present circumstances. There have been no disappearances for the last five months, and President Videla has announced basic principles of a political plan and is beginning a dialogue with prominent civilians. A strategy for the redemocratization of the country is to be formulated by the fall of this year. On the other hand, the GOA held out little hope to the Goodpaster Mission that it will release many remaining PEN prisoners over the next year. There has been no accounting of past disappearances, and few families have been able to obtain any information, even on an unofficial basis, about the fate of disappeared relatives; many experienced observers believe that such an accounting may not be possible and, even if it is, could in practice come only as part of a more general amnesty. The reestablishment of pluralistic, democratic institutions clearly will take many years; such fundamental questions as the future role of Peronism have only begun to be addressed.

II. Key Objectives

Against this background, your visit therefore will have the following major objectives.

--To continue the political dialogue begun by the Goodpaster mission, thus to contribute toward

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better mutual understanding and the restoration of better working relations with the GOA as the basis of a more effective promotion of U.S. interests;

--To promote a better understanding of global proliferation concerns at the most senior levels of the GOA; thus to discourage Argentina's political leaders from giving definitive approval to steps that would close Argentina's nuclear fuel cycle without international safeguards and to encourage Argentine movement toward the ratification of Tlatelolco.

--To seek a clearer definition from Argentina's most senior leadership of how they see progress in the human rights area over the next year, including further measures to restore respect for the integrity of the person and initial steps toward a normalization of the nation's political life.

--To underline the continuing importance we attach to Argentine cooperation in the grains embargo and to ascertain the levels of exports the GOA contemplates for various agricultural products, and to follow-up Under Secretary Newsom's presentation on the Olympics;

--To help arrest the drift of Argentine policy toward closer cooperation with the Soviet Union; and to convey a sense of common purpose (together with a sense of its limits) in such areas as Central America that are of concern to the GOA.

III. TALKING POINTS FOR THE AGENDA

A. BILATERAL RELATIONS

1. General

During General Goodpaster's visit, the two sides agreed to increase consultations. The Argentines stressed that the GOA feels it is frequently not consulted on issues important to it and that its efforts in support of U.S. positions have gone unacknowledged. President Videla stated that his Government avoids demagoguery and that Argentina wants to be treated as a serious responsible country

Key Points:

-- You hope to continue the fruitful discussions

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begun by General Goodpaster.

~~-- We cannot overcome differences all at once~~
but can hope to narrow them through consultation and effort.

-- We appreciate your cooperation in the grains embargo, as a contribution to the common Western effort

-- Argentina is an important member of the Western Community of nations. We hope to strengthen relations for mutual benefit and for the Western Community as a whole.

2. Human Rights

General Goodpaster sought to draw out the Argentines on next steps to improve the human rights situation; the Argentine response was a strong presentation on terrorist attempts to assassinate GOA economic officials. In private conversations, officials provided little hope that the GOA would soon release substantial numbers of the remaining PEN prisoners.

U.S. policy is to oppose IFI loans to Argentina not satisfying basic human needs criteria. U.S. foreign military sales and training to Argentina are prohibited by the Kennedy-Humphrey Amendment. Although there have been significant improvements in human rights in the past year, additional improvements will be necessary before the U.S. can consider a change in its human rights policy toward Argentina. Your meeting with human rights groups will be instrumental in underscoring our concerns.

Key Points:

-- We noted the announcement last December of President Videla's political plan and the President's recent announcement that the Government was beginning a political dialogue. We are very interested in this important development. We would appreciate additional information on how the GOA sees this process developing.

-- I understand that there were difficulties between our delegations in Geneva. We believe this reflected honest differences. For example, the Goodpaster mission understood that Argentina would not oppose a general procedure in the UNCHR on disappearances.

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Neither side may have fully appreciated the other side's position. In confidential consideration of Argentina, our delegation, while voicing its convictions, fully respected the confidentiality of the Commission's procedures.

-- We hope the Government of Argentina can cooperate with the UNCHR's new five-member expert working group on disappearances.

-- We would like to be able to put this issue behind us. We recognize that there have been important improvements in the human rights situation as a result of the Government's efforts (e.g. no disappearances since October). I would be interested in knowing what further steps the Government contemplates to deal with this problem.

-- It would be helpful for my report to the President to have a full understanding of how the Argentine authorities see the human rights situation in Argentina developing in the months ahead.

-- Ask about a) PEN prisoners; b) some way of meeting the request of human rights organizations and families for any information that may be available on disappeared persons.

-- We remain disturbed by the continuing delays in carrying out the right of option program, by the very large and increasing number of refusals of permission to visit applicants in prison, as well as the large number of eventual denials of the right of option to persons holding U.S. certificates of eligibility.

-- (If raised) We need to see further human rights improvements in Argentina before we can change our voting position in the international financial institutions.

3. Bilateral Trade

Last year's U.S. exports to Argentina more than doubled while Argentine exports to the U.S. stagnated. In 1979, U.S. exports were \$1.9 billion compared with Argentine exports to the U.S. of \$587 million. Our chief bilateral trade issue is a pending action brought by U.S. domestic industry against imports of leather wearing apparel, asking the President to impose an additional duty on these goods. Argentina is our

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third largest supplier, and adverse U.S. action could affect a separate agreement with Argentina to free its exports of hides.

Argentina has a strong external payments position and improving investment climate. The GOA feels that we have been slow to give favorable treatment to certain of their products. A memorandum listing such products (including wearing apparel) was given to Deputy Secretary Hodges.

Key Points:

-- We believe that the large deficit in our bilateral trade is due in substantial part to the GOA policy of allowing the peso to appreciate. This problem should, we hope, correct itself as Argentine domestic inflation is reduced.

-- I will report your concerns fully to Washington. Over-all, as we see it, there are no really major issues between us. Your economic situation, happily, is improving and international confidence is strong.

-- I understand that Secretary Hodges has agreed to a meeting of the Mixed Economic Commission, where discussion of these issues can continue. (If appropriate) If Necessary, discussions can be held earlier at a technical level to resolve specific issues.

-- Regarding the list of products that was given to Secretary Hodges, I am pleased that we have been able to reinstate your sugar and corned beef to the GSP and to add a number of the new products you had requested, effective April 1.

4. Military Relations

The Argentines are interested in resuming and expanding contacts between our armed forces. Our policy has been to limit contact, pending improvement in human rights.1

During his visit, General Goodpaster, in accordance with his instructions from the Secretary, stressed that the normalization of military relations remains our long-term objective. There was no possibility of lifting the prohibition of the Humphrey-Kennedy Amendment against the sales of military equipment

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and training (FMS) at this time, pending further improvement in human rights. As next steps, he suggested increased ~~military consultations on security issues of common~~ interest, joint exercises, and the exchange of high-level military visits. The Deputy Secretary has approved an invitation for their participation in the annual UNITAS naval exercise. The Argentines, however, are looking for more direct follow-up to the Goodpaster talks.

Key Points:

-- A rebuilding of relations in the military area remains our long-term objective.

-- We hope that Argentina this year will join the UNITAS exercise. We appreciate the cooperation given by the Argentine Navy in supporting the exercise last year, even though Argentina was unable to participate.

-- We see no possibility of persuading the Congress to lift the Kennedy-Humphrey amendment at this time.

-- We are interested, however, in fostering closer military ties between our armed forces in the new security environment created by the Soviet occupation of Afghanistan. As a step toward that end, we would be interested in extending an invitation to your Army Chief-of-Staff, General Vaguero, to visit with his counterpart, General Vessey. (Details and a mutually convenient timing will have to be worked out.) From our side, of course, it will be important that no adverse developments occur in the interim. Continued progress on human rights and cooperation in the grains embargo remain important to us.

-- How do you see your relations with the Soviets developing?

B. EAST-WEST RELATIONS AFTER THE SOVIET INVASION OF AFGHANISTAN

1. International Developments since the Goodpaster Visit

General Goodpaster gave an overview of the situation in Afghanistan and adjoining countries, and then discussed the Western response. Your Argentine interlocutors will be interested in a general update of our views.

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a) Afghanistan



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b) Pakistan



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c) Iran

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2. Grains Restrictions

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3. Summer Olympics

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4. Restrictions of high technology to the Soviet Union

C. NUCLEAR ISSUES

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8. Security of the South Atlantic Coast

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9. Latin American Security Council Seat

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